



**INTERIM FINANCIAL REPORT OF
SID BANK AND SID BANK GROUP
SEPTEMBER 30th, 2013**

Edition: November 29th, 2013



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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board hereby confirms its responsibility for the preparation of the financial statements of SID Bank and the SID Bank Group for the period, ended September 30th, 2013.

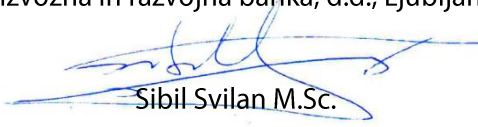
The Management Board is responsible for the preparation and presentation of these interim financial report in accordance with the IAS 34 "Interim financial reporting".

The management's responsibilities are:

- to employ relevant accounting policies, and to ensure that they are consistently applied,
- to make use of reasonable and prudent accounting estimates and judgements,
- to appropriately disclose and clarify any material deviations from the accounting standards applied, to ensure that the financial statements are compiled on a going-concern basis for SID Bank and the SID Bank Group and the IAS 34 "Interim financial reporting".

Management board of SID - Slovenska izvozna in razvojna banka, d.d., Ljubljana


Jožef Bradeško
Member


Sibil Svilan M.Sc.
President



1 BASIC INFORMATION

Company ID

Company name	SID - Slovenska izvozna in razvojna banka, d. d., Ljubljana
Address	Ulica Josipine Turnograjske 6, 1000 Ljubljana
ID Number	5665493
Tax Number	82155135
VAT Identification Number	SI82155135
Account number	0100 0000 3800 058
BIC (SWIFT)	SIDRSI22
Telephone	+386 1 200 75 00
Telefax	+386 1 200 75 75
E-mail	info@sid.si
Website	http://www.sid.si

SID Bank Group

SID Bank Group is consisted of the following companies:

	Relationship	Ownership share of SID Bank in percent
SID banka, d. d., Ljubljana	Parent company	-
SID – Prva kreditna zavarovalnica, d.d., Ljubljana	Subsidiary company	100
Pro Kolekt, družba za izterjavo, d. o. o., Ljubljana	Subsidiary company	100
Prvi Faktor, faktoring družba, d. o. o., Ljubljana	Joint venture	50
Centre for International Cooperation and Development, Ljubljana	Co-foundation	



2 NOTES TO SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Separate and consolidated financial statements for the period from January to September 2013 are unaudited.

Statement of compliance

The financial statements of SID Bank (separate statements) and SID Bank Group (consolidated statements) are compiled in accordance with the International Standards of Financial Reporting and their notes, as adopted by the European Union, also taking into account the Companies Act and the regulations of the Bank of Slovenia.

Interim financial statements are prepared in a condensed form and include significant notes as requested in accordance with IFRS 34 "Interim Financial Reporting". They need to be read in context with Annual Report of SID Bank and SID Bank Group for 2012.

Accounting policies

The accounting policies applied are presented in detail in the Annual Report of SID Bank and SID Bank Group for 2012.

The most important accounting policies, which serve as the measurement basis used for the compilation of financial statements of SID Bank and SID Bank Group and are relevant to the understanding of separate and consolidated financial statements have been consistently applied in both reporting periods.

Consolidation

Consolidated financial statements include the following companies:

- By the method of full consolidation SID banka and SID – Prva kreditna zavarovalnica
- By the proportional consolidation method Prvi Faktor Group.

Due to immateriality for the true and fair representation of financial statements of SID Bank Group SID Bank excluded from consolidation Pro Kolekt Group and Centre for International Cooperation and Development.



Significant events

On February 21st, 2013 Matej Runjak and Robert Ličen M.Sc. were recalled as members of Supervisory Board; Monika Pintar Mesarič and Leo Knez M. Sc. were appointed as new members.

In March 2013 SID Bank successfully issued long term bond SEDABI Float 03/28/16. On March 18th, 2013 SID Bank issued the bond in the amount of EUR 150 million and on March 20th, 2013 increased the issue in the amount of EUR 50 million due to a large investor interest.

Following the downgrade of the Slovenian government's rating, in May 2013, Moody's Investors Service downgraded the ratings of SID Bank from Baa2 to Ba1 with a negative outlook.

In June 2013, in order to reduce the risk of refinancing in 2015, SID Bank early redeemed a part of its SEDABI3 04/21/15 bond in the nominal amount of EUR 300 million. Since the bond is hedged by interest rate swap, SID Bank ceased the hedge and interest rate swap in the same nominal value.

On September 6th, 2013 Milan Matos was recalled as member of Supervisory Board; Anton Rop M. Sc. was appointed as new member.

On September 6th, 2013 the Government of the Republic of Slovenia gave its consent to the key elements of financial engineering measures for promotion of the development of small and medium-sized enterprises, based on which SID Bank established a loan fund in the amount of EUR 500 million. SID Bank provided EUR 380 million in refundable funds by borrowing on the international capital market and with the European Investment Bank, while EUR 120 million were provided by borrowing with the Ministry of Economic Development and Technology. Small and medium-sized enterprises will be able to acquire loans from the loan fund SID Bank for the purpose of financing of the working capital and new investments, as well as related recruitment.

In September 2013 SID Bank successfully issued new short term bond SEDABI 3,34 in the amount of EUR 100 million.

3 FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

Income Statement Summary

(in EUR thousand)	SID Bank		SID Bank Group	
	1-9/2013	1-9/2012	1-9/2013	1-9/2012
Net interest income	39,421	49,259	43,855	53,375
Net non-interest income	19,549	22,069	24,282	25,664
Operating costs	(6,585)	(5,982)	(11,700)	(10,835)
Impairment and Provisions	(48,487)	(53,737)	(53,300)	(55,513)
Profit on ordinary activities	3,898	11,609	3,137	12,691
Net profit for the financial period	3,477	9,813	1,659	10,281

Statement of Financial Position Summary

(in EUR thousand)	30.9.2013	31.12.2012	30.9.2013	31.12.2012
Total assets	3,812,895	4,088,662	3,962,773	4,258,813
Loans to banks	2,553,451	3,031,156	2,578,307	3,057,451
Loans to non-bank customers	633,597	649,294	701,988	738,831
Financial liabilities	3,459,273	3,733,520	3,544,352	3,840,866
Total equity	342,874	340,224	363,780	363,175


Selected indicators¹

(in percent)	SID Bank			SID Bank Group		
	1-9/2013	1-12/2012	1-9/2012	1-9/2013	1-12/2012	1-9/2012
Profitability						
Interest margin	1.29	1.53	1.60	1.39	1.55	1.65
Financial intermediation margin ²	1.92	2.27	2.31	2.16	2.43	2.44
Return on assets before tax	0.13	0.14	0.38	0.10	0.21	0.39
Return on equity before tax	1.51	1.72	4.55	1.15	2.51	4.72
Return on equity after tax	1.35	1.48	3.84	0.61	1.89	3.83
Operating cost						
Operating costs/ average assets	0.21	0.20	0.19	0.37	0.35	0.33
Operating costs/net income	11.17	8.73	8.39	17.17	14.40	13.71
Capital						
Capital adequacy ratio ³	16.00	14.23	13.80	15.54	13.83	13.31
Quality assets of the statement of financial position and contingent liabilities						
Impairments of financial assets measured at amortised cost, and provisions for contingent liabilities/classified on-balance-sheet items and classified off-balance-sheet items ³	6.18	4.91	4.32	6.52	5.23	4.18

¹ The selected indicators relating to the quarterly period are converted on annual level.

² The computations of financial intermediation margin for SID Bank Group do not consider income from PKZ insurance business.

³ The computations of capital adequacy and the ratio of impairments and classified items for SID Bank Group considered the assets of SID Bank and 50 percent of assets of the Prvi Faktor Group (banking group of SID Bank).



	SID Bank			SID Bank Group		
	30.9.2013	31.12.2012	30.9.2012	30.9.2013	31.12.2012	30.9.2012
International credit rating (Moody's)	Ba1	Baa2	Baa2			
Number of employees	127	124	118	353	351	345
Shares						
Number of shareholders	1	1	1			
Number of shares	3,121,741	3,121,741	3,121,741			
Nominal value per share (in EUR)	96.10	96.10	96.10			
Book value per share (in EUR)	110.49	109.63	110.99			

4 INCOME STATEMENT

In EUR thousand	SID Bank		SID Bank Group	
	1-9/2013	1-9/2012	1-9/2013	1-9/2012
Interest income	90,112	122,941	97,944	131,491
Interest expenses	(50,691)	(73,682)	(54,089)	(78,116)
Net interest income	39,421	49,259	43,855	53,375
Dividend income	1,422	1,632	0	353
Fee and commission income	2,518	1,327	4,149	3,668
Fee and commission expenses	(467)	(539)	(1,019)	(1,590)
Fee and commission net income	2,051	788	3,130	2,078
Realised gains on financial assets and liabilities not measured at fair value through profit and loss	13,751	179	13,752	179
Gains and losses on financial assets and liabilities held for trading	21	0	13	(7)
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	(66)	17,148	(66)	17,148
Fair value adjustments in hedge accounting	809	656	809	657
Exchange differences	0	(6)	376	73
Gains and losses on derecognition of assets other than held for sale	0	0	6	(56)
Other operating net income	1,561	1,672	6,262	5,239
Administration costs	(6,145)	(5,556)	(10,931)	(10,093)
Depreciation	(440)	(426)	(769)	(742)
Provisions	4,206	(9,119)	3,399	(10,366)
Impairment	(52,693)	(44,618)	(56,699)	(45,147)
Profit on ordinary activities	3,898	11,609	3,137	12,691
Tax expense (income) related to profit from continuing operations	(421)	(1,796)	(1,478)	(2,410)
Net profit for the financial period	3,477	9,813	1,659	10,281
Basic earnings per share⁴	1.12	3.16		

⁴ Basic earnings per share are equal to the revised earnings per share because the SID Bank has no dilutive instruments.

5 INCOME STATEMENT – BY QUARTERS

5.1 Income statement of SID Bank – by quarters

In EUR thousand	SID Bank					
	Q3	2013 Q2	Q1	Q3	2012 Q2	Q1
Interest income	27,811	31,221	31,080	38,607	41,169	43,165
Interest expenses	(15,859)	(17,935)	(16,897)	(21,574)	(24,630)	(27,478)
Net interest income	11,952	13,286	14,183	17,033	16,539	15,687
Dividend income	0	0	1,422	1,632	0	0
Fee and commission income	425	1,291	802	459	457	411
Fee and commission expenses	(163)	(148)	(156)	(160)	(176)	(203)
Fee and commission net income	262	1,143	646	299	281	208
Realised gains on financial assets and liabilities not measured at fair value through profit and loss	471	13,199	81	0	64	115
Gains and losses on financial assets and liabilities held for trading	5	7	9	0	0	0
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	302	189	(557)	5,061	12,087	0
Fair value adjustments in hedge accounting	78	367	364	462	(164)	358
Exchange differences	(11)	9	2	(6)	3	(3)
Other operating net income	529	486	546	533	579	560
Administration costs	(2,011)	(1,899)	(2,235)	(1,781)	(1,951)	(1,824)
Depreciation	(145)	(148)	(147)	(150)	(139)	(137)
Provisions	733	913	2,560	698	(9,657)	(160)
Impairment	(12,105)	(32,101)	(8,487)	(22,585)	(12,111)	(9,922)
Profit or loss on ordinary activities	60	(4,549)	8,387	1,196	5,531	4,882
Tax expense (income) related to profit from continuing operations	(10)	773	(1,184)	78	(898)	(976)
Net profit or loss for the financial period	50	(3,776)	7,203	1,274	4,633	3,906

5.2 Income statement of SID Bank Group – by quarters

In EUR thousand	SID Bank Group					
	Q3	2013 Q2	Q1	Q3	2012 Q2	Q1
Interest income	30,624	33,635	33,685	41,414	44,159	45,918
Interest expenses	(16,954)	(18,994)	(18,141)	(22,771)	(26,097)	(29,248)
Net interest income	13,670	14,641	15,544	18,643	18,062	16,670
Dividend income	0	0	0	(4)	5	352
Fee and commission income	625	2,095	1,429	1,238	1,271	1,159
Fee and commission expenses	(313)	(408)	(298)	(630)	(592)	(368)
Fee and commission net income	312	1,687	1,131	608	679	791
Realised gains on financial assets and liabilities not measured at fair value through profit and loss	471	13,199	82	0	64	115
Gains and losses on financial assets and liabilities held for trading	4	6	3	(1)	(3)	(3)
Gains and losses on financial assets and liabilities designated at fair value through profit or loss	302	189	(557)	5,061	12,087	0
Fair value adjustments in hedge accounting	78	367	364	463	(164)	358
Exchange differences	(391)	707	60	415	(91)	(251)
Gains and losses on derecognition of assets other than held for sale	2	4	0	(8)	(48)	0
Other operating net income	1,717	1,873	2,672	1,470	2,640	1,129
Administration costs	(3,593)	(3,580)	(3,758)	(3,277)	(3,563)	(3,253)
Depreciation	(250)	(259)	(260)	(261)	(239)	(242)
Provisions	1,335	(77)	2,141	(109)	(10,563)	306
Impairment	(13,772)	(33,687)	(9,240)	(22,500)	(12,382)	(10,265)
Profit or loss on ordinary activities	(115)	(4,930)	8,182	500	6,484	5,707
Tax expense (income) related to profit from continuing operations	(291)	536	(1,723)	94	(1,267)	(1,237)
Net profit or loss for the financial period	(406)	(4,394)	6,459	594	5,217	4,470

6 STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	SID Bank		SID Bank Group	
	1-9/2013	1-9/2012	1-9/2013	1-9/2012
Net profit for the financial period after tax	3,477	9,813	1,659	10,281
Other comprehensive income after tax	(828)	2,630	(1,054)	1,396
Available for sale financial assets	(968)	3,273	(1,221)	2,104
Other items	0	0	(12)	(45)
Income tax relating to components of other comprehensive income	140	(643)	179	(663)
Total comprehensive income for the financial period after tax	2,649	12,443	605	11,677

7 STATEMENT OF COMPREHENSIVE INCOME – BY QUARTERS

7.1 Statement of comprehensive income of SID Bank – by quarters

In EUR thousand	SID Bank					
	Q3	2013 Q2	Q1	Q3	2012 Q2	Q1
Net profit or loss for the financial period after tax	50	(3,776)	7,203	1,274	4,633	3,906
Other comprehensive income after tax	361	538	(1,727)	863	(1,315)	3,082
Available for sale financial assets	432	631	(2,031)	1,052	(1,632)	3,853
Income tax relating to components of other comprehensive income	(71)	(92)	303	(189)	317	(771)
Total comprehensive income for the financial period after tax	411	(3,238)	5,476	2,137	3,318	6,988

7.2 Statement of comprehensive income of SID Bank Group – by quarters

In EUR thousand	SID Bank Group					
	Q3	2013 Q2	Q1	Q3	2012 Q2	Q1
Net profit or loss for the financial period after tax	(406)	(4,394)	6,459	594	5,217	4,470
Other comprehensive income after tax	308	579	(1,941)	217	(2,072)	3,251
Available for sale financial assets	454	646	(2,321)	391	(2,426)	4,139
Other items	(73)	28	33	19	(13)	(51)
Income tax relating to components of other comprehensive income	(74)	(94)	347	(193)	367	(837)
Total comprehensive income for the financial period after tax	(99)	(3,814)	4,518	811	3,145	7,721

8 STATEMENT OF FINANCIAL POSITION

In EUR thousand	SID Bank		SID Bank Group	
	30.9.2013	31.12.2012	30.9.2013	31.12.2012
Cash and cash balances with the central banks	212,341	408	212,342	409
Financial assets held for trading	0	1	0	1
Available-for-sale financial assets	354,409	309,755	380,004	333,854
Loans	3,187,424	3,680,998	3,282,722	3,798,186
– Loans to banks	2,553,451	3,031,156	2,578,307	3,057,451
– Loans to non - bank customers	633,597	649,294	701,988	738,831
– Other financial assets	376	548	2,427	1,904
Derivatives – hedge accounting	39,211	78,003	39,211	78,003
Property, plant and equipment	3,358	3,664	6,914	7,396
Investment property	0	0	926	848
Intangible assets	550	491	1,636	1,611
Investments in subsidiaries, associates and joint ventures	11,919	11,919	419	419
Tax assets	211	439	2,242	2,978
– Current tax assets	0	439	384	1,456
– Deferred tax assets	211	0	1,858	1,522
Other assets	754	266	33,639	32,390
Non-current assets classified as held for sale	2,718	2,718	2,718	2,718
TOTAL ASSETS	3,812,895	4,088,662	3,962,773	4,258,813
Deposits from central banks	207,550	206,592	207,550	206,592
Financial liabilities held for trading	28	44	28	44
Financial liabilities measured at amortised cost	3,251,695	3,526,884	3,336,774	3,634,230
– Deposits from banks	19,873	44,301	19,873	44,301
– Deposits from non-bank customers	6	5	6	5
– Loans and advances from banks	1,619,343	1,924,619	1,697,839	2,030,232
– Loans and advances from non-bank customers	462,182	150,063	462,182	150,063
– Debt securities	1,149,312	1,406,725	1,149,312	1,406,725
– Other financial liabilities	979	1,171	7,562	2,904
Provisions	10,503	14,713	42,781	44,587
Tax liabilities	125	28	125	229
– Current tax liabilities	26	0	26	201
– Deferred tax liabilities	99	28	99	28
Other liabilities	120	177	11,735	9,956
TOTAL LIABILITIES	3,470,021	3,748,438	3,598,993	3,895,638
Share capital	300,000	300,000	300,000	300,000
Share premium	1,139	1,139	1,139	1,139
Revaluation reserve	175	1,003	(145)	897
Reserves from profit	39,407	37,012	60,745	57,434
Treasury shares	(1,324)	(1,324)	(1,324)	(1,324)
Retained earnings (including income from the reporting period)	3,477	2,394	3,365	5,029
TOTAL EQUITY	342,874	340,224	363,780	363,175
TOTAL LIABILITIES AND EQUITY	3,812,895	4,088,662	3,962,773	4,258,813

9 STATEMENT OF CHANGES IN EQUITY

9.1 Statement of changes in equity of SID Bank

For the period January 1st, 2013 to September 30th, 2013

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2013	300,000	1,139	1,003	37,012	2,394	(1,324)	340,224
Comprehensive income for the financial period after tax	0	0	(828)	0	3,477	0	2,649
Transfer of net profit to reserves from profit	0	0	0	2,394	(2,394)	0	0
Balance as at September 30th, 2013	300,000	1,139	175	39,406	3,477	(1,324)	342,873

For the period January 1st, 2012 to September 30th, 2012

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2012	300,000	1,139	(2,173)	31,300	3,066	(1,324)	332,008
Comprehensive income for the financial period after tax	0	0	2,630	0	9,813	0	12,443
Transfer of net profit to reserves from profit	0	0	0	3,066	(3,066)	0	0
Balance as at September 30th, 2012	300,000	1,139	456	34,365	9,813	(1,324)	344,449

9.2 Statement of changes in equity of SID Bank Group

For the period January 1st, 2013 to September 30th, 2013

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2013	300,000	1,139	897	57,434	5,029	(1,324)	363,175
Comprehensive income for the financial period after tax	0	0	(1,054)	0	1,659	0	605
Transfer of net profit to reserves from profit	0	0	0	3,311	(3,311)	0	0
Other ⁵	0	0	12	0	(12)	0	0
Balance as at September 30th, 2013	300,000	1,139	(145)	60,745	3,365	(1,324)	363,780

For the period January 1st, 2012 to September 30th, 2012

In EUR thousand	Share capital	Share premium	Revaluation reserves	Reserves from profit	Retained earnings (including income from the reporting period)	Treasury shares	Total equity
Balance as at January 1st, 2012	300,000	1,139	(3,194)	50,132	5,686	(1,324)	352,439
Comprehensive income for the financial period after tax	0	0	1,396	0	10,281	0	11,677
Transfer of net profit to reserves from profit	0	0	0	3,784	(3,784)	0	0
Other ⁵	0	0	45	0	(45)	0	0
Balance as at September 30th, 2012	300,000	1,139	(1,753)	53,916	12,138	(1,324)	364,116

⁵ Foreign currency translation differences in the consolidation.

10 STATEMENT OF CASH FLOWS⁶

In EUR thousand	SID Bank		SID Bank Group	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
A. CASH FLOWS FROM OPERATING ACTIVITIES				
a) Total profit before tax	3,898	11,609	3,137	12,691
Depreciation	440	426	769	742
Impairments of tangible fixed assets, investment property, intangible long-term assets and other assets	52,693	44,618	56,700	45,147
Net (gains)/losses from exchange differences	0	6	(376)	(73)
Net (gains)/losses from sale of tangible assets and investment properties	0	0	(6)	56
Other (gains) from investment activities	(1,422)	(1,632)	0	(353)
Other adjustments to total profit before tax	(5,034)	8,456	(4,227)	9,703
Cash flows from operating activities before changes in operating assets and liabilities	50,575	63,483	55,997	67,913
b) (Increases)/decreases in operating assets	288,314	(59,138)	308,802	(42,416)
c) Increases/(decreases) in operating liabilities	(256,014)	160,799	(279,144)	152,966
d) Cash flow from operating activities (a+b+c)	82,875	165,144	85,655	178,463
e) Income taxes (paid)/refunded	(96)	260	(846)	(1,048)
f) Net cash flow from operating activities (d+e)	82,779	165,404	84,809	177,415
B. CASH FLOWS FROM INVESTING ACTIVITIES				
a) Receipts from investing activities	1,422	1,632	9	353
b) Cash payments on investing activities	193	368	393	2,054
c) Net cash flow from investing activities (a-b)	1,229	1,264	(384)	(1,701)
D. Effects of change in exchange rates on cash and cash equivalents	163	0	163	0
E. Net increase in cash and cash equivalents (Af+Bc)	84,008	166,668	84,425	175,714
F. Cash and cash equivalents at beginning of the year	317,641	172,352	341,968	194,171
G. Cash and cash equivalents at end of the year (D+E+F)	401,812	339,020	426,556	369,885

⁶ Condensed statement of cash flows.